

JOHNSON COUNTY GAS  
COMPANY

P.O. Box 155  
Harold, KY 41635  
Phone (606)789-5481  
Fax (606) 478-5266

RECEIVED

SEP 26 2005

PUBLIC SERVICE  
COMMISSION

Elizabeth O'Donnell  
Executive Director  
Kentucky Public Service Commission  
211 Sower Blvd.  
P.O. Box 615  
Frankfort, KY 40602

September 23, 2005

RE: Case No. 2005-00392

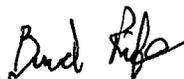
Dear Ms. O'Donnell:

I have enclosed an original and four copies of Johnson County Gas Company's scheduled quarterly Gas Cost Adjustment filing to be effective October 1, 2005. The proposed rates are based on a projected increase in supplier rates for October, November, and December 2005 combined with a net over-recovery of gas cost for the quarter ended June 30, 2005.

I hereby request a waiver of the requirement to provide 30 days' notice of this rate increase, and ask that the proposed rates be approved to be effective as close to October 13<sup>th</sup>, 2005 as possible.

Please do not hesitate to contact me if you have any questions.

Sincerely,



Bud Rife

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SEP 26 2005

PUBLIC SERVICE  
COMMISSION

**Johnson County Gas Company**

QUARTERLY REPORT OF GAS COST RECOVERY  
RATE CALCULATION

**Date Filed:** September 19, 2005

**Date Rates to be Effective:** October 1, 2005

**Reporting Period is the Calendar Quarter Ended:**  
June 30, 2005

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**Johnson County Gas Company**

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**OF  
Johnson County, Kentucky**

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**Rates, Rules and Regulations For Furnishing Gas**

**AT**

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**Van Lear, Hager Hill, East Point, and Meally**

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**Filed With Public Service Commission Of  
Kentucky**

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**Issued September 15, 2005 Effective October 5, 2005**

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**Issued By Johnson County Gas  
Company  
By Bud Rife  
President / Manager**

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SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

Component	\$/Mcf
Expected Gas Cost (EGC)	13.7263
+ Refund Adjustment (RA)	0.0000
+ Actual Adjustment (AA)	(0.1195)
+ <u>Balance Adjustment (BA)</u>	(0.0187)
= Gas Cost Recovery Rate (GCR)	13.5881

GCR to be effective for service rendered from October 1, 2005 to January 1, 2006

Proposed rates:	Base Rates	+	GCR	=	Retail Rates
<b>RES</b>	\$6.9542		\$13.5881		\$20.5423
	\$5.9542		\$13.5881		\$19.5423
<b>COMM</b>	\$6.3042		\$13.5881		\$19.8923

A.

EXPECTED GAS COST CALCULATION

		<u>Unit</u>	<u>Amount</u>
Total Expected Gas Cost (Sch. II)		\$	226,306
/ Sales for the 12 months ended	March 31, 2005	Mcf	16,487
= Expected Gas Cost (EGC)		\$/Mcf	13.7263

B.

REFUND ADJUSTMENT CALCULATION

	<u>\$/Mcf</u>
Supplier Refund Adjustment for the Reporting Period (Sch. III)	0.0000

C.

ACTUAL ADJUSTMENT CALCULATION

	<u>\$/Mcf</u>
Actual Adjustment for the Reporting Period (Sch. IV)	(0.0062)
+ Previous Quarter Reported AA	(0.6912)
+ Second Previous Quarter Reported AA	0.6068
+ Third Previous Quarter Reported AA	(0.0289)
= Actual Adjustment (AA)	(0.1195)

D.

BALANCE ADJUSTMENT CALCULATION

	<u>\$/Mcf</u>
Balance Adjustment for the Reporting Period	0.0406
+ Previous Quarter Reported AA	(0.0551)
+ Second Previous Quarter Reported AA	(0.0086)
+ Third Previous Quarter Reported AA	(0.0101)
= Balance Adjustment (BA)	(0.0187)

SCHEDULE II

EXPECTED GAS COST

Actual Mcf Purchases for 12 months ended			June 30, 2005		
(1)	(2)	(3)	(4)	(5)	(6)
<u>Supplier</u>	<u>Dth</u>	<u>Btu Factor</u>	<u>Mcf</u>	<u>Rate*</u>	<u>(4)x(5) Cost</u>
Interstate Natural Gas Company			19,523	\$13.04	\$254,580
<b>Total</b>			<b>19,523</b>		<b>\$254,580</b>

Line loss for 12 month period is 15.55% based on purchases of 19,523 Mcf and sales of 16,487 Mcf.

Total Expected Cost of Purchases '(6) /Mcf Purchases (4)	\$254,580 19,523
= Average Expected Cost Per Mcf of Purchases	\$13.0400
x Allowable Mcf Purchases (must not exceed Sales Mcf/.95)	17,355
= Total Expected Gas Cost (to Schedule I.A)	\$226,306

\*Rate is the average of the estimates for October, November, and December prices from Interstate Natural Gas Company, which is attached. \$13.04 is the average of the 3 months' averages of Columbia Transmission and Kentucky West-transported volumes.

Average cost calculation:

	Oct	Nov	Dec	Average
Columbia Transmission	\$12.24	\$12.66	\$13.08	\$12.66
Kentucky West	\$13.00	\$13.42	\$13.84	\$13.42
<b>Average</b>				<b>\$13.04</b>

**SCHEDULE III**  
**REFUND ADJUSTMENT**

For the 3 month period ending June 30, 2005

(Absent any supplier refund, this sheet will not be used.)

SCHEDULE IV

ACTUAL ADJUSTMENT

For the three month period ending June 30, 2005

	<u>Unit</u>	<u>April</u>	<u>May</u>	<u>June</u>
Total Supply Volumes Purchased	Mcf	1,277	521	365
Total Cost of Volumes Purchased	\$	12,482	4,808	3,025
Divided by:				
Total Sales (may not be less than <u>95% of supply volumes</u> )	Mcf	1,213	602	347
= Unit Cost of Gas	\$	10.2889	7.9867	8.7239
Minus:				
EGC in effect for the month	\$/Mcf	9.4614	9.4614	9.4614
= Difference	\$/Mcf	0.8275	(1.4747)	(0.7375)
<u>x Actual sales during month</u>	Mcf	1,189	602	269
= Monthly Cost Difference	\$	984	(888)	(198)
Total Cost Difference			<u>Unit</u>	<u>Amount</u>
			\$	(102)
<u>/ Sales for 12 months ending _____ June 30, 2005</u>			Mcf	16,487
= Actual Cost Adjustment for the Reporting Period			\$/Mcf	(0.0062)

SCHEDULE V

BALANCE ADJUSTMENT

For the 3 month period ending	June 30, 2005		
AA in effect from rate filing effective July 1, 2004		<u>Unit</u> \$/Mcf	<u>Amount</u> 0.2470
<u>x Sales for 12 months ending</u>	June 30, 2005	Mcf	16,487
= Total Amount Collected/(Returned) through AA		\$	4,072
Amount Authorized to be Collected/(Returned)		\$	4,742
Amount Remaining to be Collected/(Returned)		\$	670
Balance Adjustment for the Reporting Period		\$/Mcf	0.0406

## Interstate Natural Gas Company

134 Mims Branch

Pikeville, KY 41501

(606) 432-0526

(606) 432-3032 Fax

	A (C-B)	B	C (A+B)	D	E (C+D)	F	G (E*F)
April 2005	NYMEX Price	Appalachian Basin	Subtotal	Columbia Transmission FERC	Total Per MMBTU	BTU Factor	Total Price Per MCF
End of Month Posting	\$6.72	0.26	\$6.98	0.1533	\$7.13	1.2	\$8.56

	A (C-B)	B	C (A+B)	D	E (C+D)	F	G (E*F)
May 2005	NYMEX Price	Appalachian Basin	Subtotal	Columbia Transmission FERC	Total Per MMBTU	BTU Factor	Total Price Per MCF
End of Month Posting	\$6.83	0.26	\$7.09	0.1533	\$7.24	1.2	\$8.69

	A (C-B)	B	C (A+B)	D	E (C+D)	F	G (E*F)
June 2005	NYMEX Price	Appalachian Basin	Subtotal	Columbia Transmission FERC	Total Per MMBTU	BTU Factor	Total Price Per MCF
End of Month Posting	\$6.91	0.26	\$7.17	0.1533	\$7.32	1.2	\$8.79

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	A (C-B)	B	C (A+B)	D	E (C+D)	F	G (E*F)
April 2005	NYMEX Price	Appalachian Basin	Subtotal	KY West Transportation	Total Per MMBTU	BTU Factor	Total Price Per MCF
End of Month Posting	\$6.72	0.28	\$7.00	0.65	\$7.65	1.2	\$9.18

	A (C-B)	B	C (A+B)	D	E (C+D)	F	G (E*F)
May 2005	NYMEX Price	Appalachian Basin	Subtotal	KY West Transportation	Total Per MMBTU	BTU Factor	Total Price Per MCF
End of Month Posting	\$6.83	0.28	\$7.11	0.65	\$7.76	1.2	\$9.31

	A (C-B)	B	C (A+B)	D	E (C+D)	F	G (E*F)
June 2005	NYMEX Price	Appalachian Basin	Subtotal	KY West Transportation	Total Per MMBTU	BTU Factor	Total Price Per MCF
End of Month Posting	\$6.91	0.28	\$7.19	0.65	\$7.84	1.2	\$9.40

**Interstate Natural Gas Company**  
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	A (C-B)	B	C (A+B)	D	E (C+D)	F	G (E*F)
	NYMEX Price	Appalachian Basin	Subtotal	KY West Transportation	Total Per MMBTU	BTU Factor	Total Price Per MCF
<b>OCTOBER 2005</b>							
End of Month Posting	\$9.77	0.28	\$10.05	0.78	\$10.83	1.2	\$13.00

	A (C-B)	B	C (A+B)	D	E (C+D)	F	G (E*F)
	NYMEX Price	Appalachian Basin	Subtotal	KY West Transportation	Total Per MMBTU	BTU Factor	Total Price Per MCF
<b>NOVEMBER 2005</b>							
End of Month Posting	\$10.12	0.28	\$10.40	0.78	\$11.18	1.2	\$13.42

	A (C-B)	B	C (A+B)	D	E (C+D)	F	G (E*F)
	NYMEX Price	Appalachian Basin	Subtotal	KY West Transportation	Total Per MMBTU	BTU Factor	Total Price Per MCF
<b>DECEMBER 2005</b>							
End of Month Posting	\$10.47	0.28	\$10.75	0.78	\$11.53	1.2	\$13.84

**Interstate Natural Gas Company**

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**KY West Price Estimates:**

	A (C-B)	B	C (A+B)	D	E (C+D)	F	G (E*F)
	NYMEX Price	Appalachian Basin	Subtotal	KY West Transportation	Total Per MMBTU	BTU Factor	Total Price Per MCF
JUNE 2005							
End of Month Posting	\$6.41	0.35	\$6.76	0.78	\$7.54	1.2	\$9.04

	A (C-B)	B	C (A+B)	D	E (C+D)	F	G (E*F)
	NYMEX Price	Appalachian Basin	Subtotal	KY West Transportation	Total Per MMBTU	BTU Factor	Total Price Per MCF
JULY 2005							
End of Month Posting	\$6.46	0.35	\$6.81	0.78	\$7.59	1.2	\$9.11

	A (C-B)	B	C (A+B)	D	E (C+D)	F	G (E*F)
	NYMEX Price	Appalachian Basin	Subtotal	KY West Transportation	Total Per MMBTU	BTU Factor	Total Price Per MCF
AUGUST 2005							
End of Month Posting	\$6.53	0.35	\$6.88	0.78	\$7.66	1.2	\$9.19

	A (C-B)	B	C (A+B)	D	E (C+D)	F	G (E*F)
	NYMEX Price	Appalachian Basin	Subtotal	KY West Transportation	Total Per MMBTU	BTU Factor	Total Price Per MCF
SEPTEMBER 2005							
End of Month Posting	\$6.57	0.35	\$6.92	0.78	\$7.70	1.2	\$9.24

**Interstate Natural Gas Company**  
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**Columbia Price Estimates:**

	A (C-B)	B	C (A+B)	D	E (C+D)	F	G (E*F)
	NYMEX Price	Appalachian Basin	Subtotal	Columbia Transmission FERC	Total Per MMBTU	BTU Factor	Total Price Per MCF
<b>JUNE 2005</b>							
End of Month Posting	\$6.41	0.35	\$6.76	0.1533	\$6.91	1.2	\$8.30

	A (C-B)	B	C (A+B)	D	E (C+D)	F	G (E*F)
	NYMEX Price	Appalachian Basin	Subtotal	Columbia Transmission FERC	Total Per MMBTU	BTU Factor	Total Price Per MCF
<b>JULY 2005</b>							
End of Month Posting	\$6.46	0.35	\$6.81	0.1533	\$6.96	1.2	\$8.36

	A (C-B)	B	C (A+B)	D	E (C+D)	F	G (E*F)
	NYMEX Price	Appalachian Basin	Subtotal	Columbia Transmission FERC	Total Per MMBTU	BTU Factor	Total Price Per MCF
<b>AUGUST 2005</b>							
End of Month Posting	\$6.53	0.35	\$6.88	0.1533	\$7.03	1.2	\$8.44

	A (C-B)	B	C (A+B)	D	E (C+D)	F	G (E*F)
	NYMEX Price	Appalachian Basin	Subtotal	Columbia Transmission FERC	Total Per MMBTU	BTU Factor	Total Price Per MCF
<b>SEPTEMBER 2005</b>							
End of Month Posting	\$6.57	0.35	\$6.92	0.1533	\$7.07	1.2	\$8.49

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*KY West Price Estimates:*

	A (C-B)	B	C (A+B)	D	E (C+D)	F	G (E*F)
JUNE 2005	NYMEX Price	Appalachian Basin	Subtotal	KY West Transportation	Total Per MMBTU	BTU Factor	Total Price Per MCF
End of Month Posting	\$6.41	0.35	\$6.76	0.78	\$7.54	1.2	\$9.04

	A (C-B)	B	C (A+B)	D	E (C+D)	F	G (E*F)
JULY 2005	NYMEX Price	Appalachian Basin	Subtotal	KY West Transportation	Total Per MMBTU	BTU Factor	Total Price Per MCF
End of Month Posting	\$6.46	0.35	\$6.81	0.78	\$7.59	1.2	\$9.11

	A (C-B)	B	C (A+B)	D	E (C+D)	F	G (E*F)
AUGUST 2005	NYMEX Price	Appalachian Basin	Subtotal	KY West Transportation	Total Per MMBTU	BTU Factor	Total Price Per MCF
End of Month Posting	\$6.53	0.35	\$6.88	0.78	\$7.66	1.2	\$9.19